

Congress of the United States

Washington, DC 20515

July 8, 2011

Ambassador Ron Kirk
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Kirk:

On July 5, 2011, the World Trade Organization (WTO) issued the ruling on a petition brought by the U.S., Europe, and Mexico regarding China's restrictions on the export of various raw materials. As you know, the WTO found they were in violation of their commitment to free trade policies. Due to the similarity between the Chinese raw material exports situation and rare earth export situation, we renew our request that you pursue our options before the WTO related to Chinese rare earth trade policy.

Rare earth minerals are critical to the American economy and our national security. These materials are used in the production of everyday items and are necessary for the development of new technology, growing the renewable energy sector, and securing economic growth in high-tech industries.


The United States and the world are almost entirely dependent upon Chinese supplies of rare earth minerals, with 97 percent of the world's rare earths sourced from China. Since 2006, China has continually reduced its export quotas, announcing a further decrease in exports of rare earths this year. There is also a de facto but very real "export premium" of over \$100 a kg for exports. Such policies flout global trade laws to give China an unfair competitive advantage, creating supply scarcity and inflating the prices of the rare earths in the global market while ensuring sufficient supply and lower prices to domestic Chinese markets. This unjust manipulation of the global trade market entices high-tech companies to relocate to China, bringing payrolls and profit margins with them.

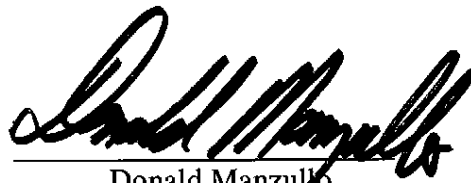
Our dependence on China for materials used for information and defense technologies is a matter of national security. China's retaliatory embargo of rare earth minerals against Japan, and similar slowdown of exports to the U.S. in 2010, demonstrates the volatility of this trade relationship, with China leveraging material supplies for policy actions.


While steps must be taken to secure domestic supplies of rare earths, we must also ensure that WTO members adhere to free trade agreements with regards to rare earth materials. The recent ruling by the WTO regarding China's export restrictions on raw materials affirms that such trade

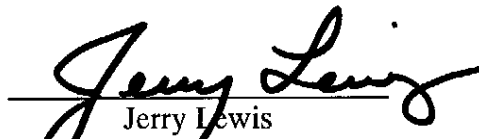
policies go against its membership obligations. In light of these new developments, we look forward to hearing from you on this matter and stand ready to assist you in any way.


Sincerely,

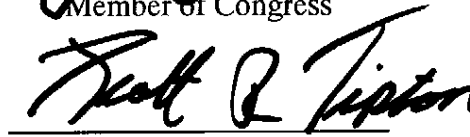

Mike Coffman
Member of Congress

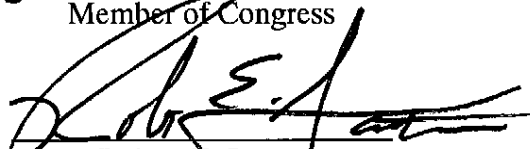

Donald Manzullo
Member of Congress

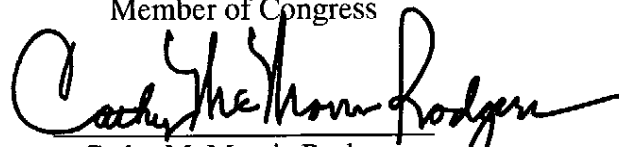

Rob Bishop
Member of Congress



Jerry Lewis
Member of Congress



Cynthia M. Lummis
Member of Congress



Scott Tipton
Member of Congress



Robert E. Latta
Member of Congress



Cathy McMorris Rodgers
Member of Congress


Pete Olson
Member of Congress


Walter B. Jones
Member of Congress


Thaddeus G. McCotter
Member of Congress


Leonard Boswell
Member of Congress


Daniel Lipinski
Member of Congress